GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3099
ANSWERED ON:10.08.2001
CANE TRANSPORTATION COST
ASHOK NAMDEORAO MOHOL

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the pricing bodies such as Tariff Commission and BICP have included canetransportation cost as part of basic conversion cost in their recommendations till 1997;

(b) if so, whether the Government have accepted their report and the zonal levy prices for levy sugar notified utpo the season 1998-99 since 1959 was inclusive of cane transportation cost;

(c) whether the Government have directed the Cost Accounts Branch to recommend canetransportation cost after adjusting the element included in statutory minimum price of sugarcane be included as part of levy price as they had done in the past with BICP since 1992;

(d) whether the Government has included net cane transportation cost so recommended in the levy price notified for 1999-2000 and 2000-2001; seasons; and

(e) if not, the manner in which the Government would justify their action in departing from a practice followed for the past 40 years of price fixing by denying net cane transportation cost in the levy prices notified for 1999-2000 and 2000-2001 season?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a): Yes, Sir.

(b): Yes, Sir.

(c): The Government had, inter-alia, included in the terms of reference for the cost study to be undertaken by the Cost Accounts Branch (CAB) to evolve a system which would determine theelement of transportation cost in the Statutory Minimum Price (SMP) and the actual transportation expenses incurred by the factories. The difference of the two can form part of the conversion cost.

(d)&(e): The Cost Account Branch of Ministry of Finance in their report of February, 2000 have mentioned that the cost of cane transport has already been included in the SMP of cane as recommended by the Commission for Agricultural Costs & Prices (CACP) for each sugar season, and as such no further amount on this account becomes payable to the sugar mills in the levy price. If the sugar mills incur some extra cost on cane transportation, it is with a view to enhance their cane availability and sugar production and it results in enriching higher benefit through better free market sale of sugar. The Government after considering the recommendations of the expert body and other relevant factors, decided not to consider the cane transportation cost over and above the cane transportation cost already included in SMP for determination ofthe ex-factory levy sugar prices for 1999-2000 and 2000-2001 sugar seasons.